



Billing Code: 5001-06

DEPARTMENT OF DEFENSE

Office of the Secretary

(Transmittal No. 16-71)

36(b)(1) Arms Sales Notification

AGENCY: Department of Defense, Defense Security Cooperation Agency.

ACTION: Notice.

SUMMARY: The Department of Defense is publishing the unclassified text of a section 36(b)(1) arms sales notification. This is published to fulfill the requirements of section 155 of Public Law 104-164 dated July 21, 1996.

FOR FURTHER INFORMATION CONTACT: Pamela Young, DSCA/SA&E-RAN, (703) 697-9107.

The following is a copy of a letter to the Speaker of the House of Representatives, Transmittal 16-71 with attached Policy Justification and Sensitivity of Technology.

Dated: January 5, 2017.

Aaron Siegel,
Alternate OSD Federal Register Liaison Officer,
Department of Defense.



DEFENSE SECURITY COOPERATION AGENCY

201 12TH STREET SOUTH, STE 203
ARLINGTON, VA 22202-5408

DEC 12 2016

The Honorable Paul D. Ryan
Speaker of the House
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Speaker:

Pursuant to the reporting requirements of Section 36(b)(1) of the Arms Export Control Act, as amended, we are forwarding herewith Transmittal No. 16-71, concerning the Department of the Navy's proposed Letter(s) of Offer and Acceptance to the Government of Philippines for defense articles and services estimated to cost \$25 million. After this letter is delivered to your office, we plan to issue a news release to notify the public of this proposed sale.

Sincerely,

J.W. Rikey
Vice Admiral, USN
Director

Enclosures:

1. Transmittal
2. Policy Justification
3. Sensitivity of Technology



Transmittal No. 16-71

Notice of Proposed Issuance of Letter of Offer
Pursuant to Section 36(b)(1)
of the Arms Export Control Act, as amended

(i) Prospective Purchaser: Government of the Philippines

(ii) Total Estimated Value:

| | |
|--------------------------|---------------------|
| Major Defense Equipment* | \$ 20 million |
| Other | <u>\$ 5 million</u> |
| TOTAL | \$ 25 million |

(iii) Description and Quantity or Quantities of Articles or Services under Consideration for Purchase:

Major Defense Equipment (MDE):

Two (2) AN/SPS-77 Sea Giraffe 3D Air Search Radars

Non-Major Defense Equipment (MDE): Support services, including installation services, operator training, system operational testing, and documentation.

(iv) Military Department: Navy (LFK)

(v) Prior Related Cases, if any:

PI-P-SBV - \$4.7M, Excess Defense Article (EDA) transfer of ex-USCG cutter Hamilton, now PF-15, BRP Gregorio Del Pilar

PI-P-SBW - \$15.1M, EDA transfer of ex-USCG cutter Dallas, PF-16, now BRP Ramon Alcaraz

(vi) Sales Commission, Fee, etc., Paid, Offered, or Agreed to be Paid: None

(vii) Sensitivity of Technology Contained in the Defense Article or Defense Services Proposed to be Sold: See Annex Attached.

(viii) Date Report Delivered to Congress: December 12, 2016

*as defined in Section 47(6) of the Arms Export Control Act.

POLICY JUSTIFICATION

The Philippines – AN/SPS-77 Sea Giraffe 3D Air Search Radars

The Government of the Philippines has requested a possible sale of two (2) AN/SPS-77 Sea Giraffe 3D Air Search Radars, support services, including installation services, operator training, system operational testing, and documentation. The total estimated program cost is \$25 million.

The Philippines seeks to increase its Maritime Domain Awareness (MDA) capabilities in order to improve monitoring of its vast territorial seas and Exclusive Economic Zones (EEZ). An effective Philippine MDA capability strengthens its self-defense capabilities and supports regional stability and U.S. national interests. This sale is consistent with U.S. regional objectives and will further enhance interoperability with the U.S. Navy, build upon a longstanding cooperative effort with the United States, and provide an enhanced capability with a valued partner in a geographic region of critical importance to the U.S. government.

The AN/SPS-77 Air Search Radars will be used to provide an enhanced ability to detect and track air contacts. The radars will be installed on two Hamilton-class cutters acquired through the Excess Defense Articles (EDA) program. The Philippines will have no difficulty absorbing this equipment into its armed forces.

The proposed sale of this equipment and support will not alter the basic military balance in the region.

The principal contractor will be VSE and Saab. There are no known offset agreements proposed in connection with this potential sale.

Implementation of this proposed sale will not require the assignment of any U.S. or contractor representatives to the Philippines. U.S. contractors, under U.S. government oversight, will be in the Philippines for installation and associated support of this new radar on these Philippine Navy ships.

There will be no adverse impact on U.S. defense readiness as a result of this proposed sale.

Transmittal No. 16-71

Notice of Proposed Issuance of Letter of
Offer Pursuant to Section 36(b)(1)
of the Arms Export Control ActAnnex
Item No. vii(vii) Sensitivity of Technology:

1. A completely assembled AN/SPS-77 radar, which is a commercial product that is outfitted on USN LCS class ships, will be tailored for release to the Philippine Navy under this program. The operating characteristics and capability of this system as it will be delivered to the Philippines Navy will be UNCLASSIFIED.
2. AN/SPS-77 operation and maintenance documentation, software, and support is UNCLASSIFIED.
3. If a technologically advanced adversary were to obtain knowledge of the specific hardware and software elements, the information could be used to develop countermeasures that might reduce weapon system effectiveness or be used in the development of a system with similar or advanced capabilities.
4. A determination has been made that the Philippines can provide substantially the same degree of protection for the sensitive technology being released as the U.S. Government. This sale is necessary in furtherance of the U.S. foreign policy and national security objectives outlined in the Policy Justification.
5. All defense articles and services listed in this transmittal are have been authorized for release and export to the Government of the Philippines.